

Washington State Liquor Control Board

Merchandising Business System

QUALITY ASSURANCE



Final Project Review
March 5 - July 25, 2005



STERLING
ASSOCIATES, LLP

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Quality Assurance Final Review - *What occurred...*

◆ Approach to Final Review

The final Quality Assurance report for the Liquor Control Board's (LCB) Merchandising Business System (MBS) project includes the recurring elements found in the periodic reports applied to the overall project and its results. Individual and group interviews were conducted, comments were submitted in writing, Quality Assurance participation in and observation of project activities was conducted, and project documentation was reviewed to form a comprehensive project review. This report reflects a summary of the analysis and comments obtained during the final Quality Assurance review conducted by Sterling Associates.

Sterling Associates would like to take this opportunity to acknowledge the project team members for their cooperation and participation in Quality Assurance activities. Access to meeting materials, planning documents and testing results were readily available. The staff always listened and considered suggestions and issues raised verbally or in writing. The staff also shared their perspective on issues and explained constraints that were not obvious to those outside the agency. Making this project a success took much effort from each of you. Congratulations on your success.



Quality Assurance Final Review - *What occurred...*

◆ Project Status

The LCB's MBS project has completed the implementation of new Point of Sale (POS) software to all 162 state retail stores. The deployment to the stores was completed on June 30, 2005. This represents the completion of the major activities and milestones associated with Phase 2 of the project.

The MBS project team is still fully engaged responding to problems and following up on open issues. The majority of the problems reported to the project team during implementation from the retail stores have been caused by failing to follow written instructions.

An analysis of the hundreds of problem reports recorded during the last three weeks of June indicates that more than 75% of the conditions reported could have been avoided by following the training materials, written procedures or job aides provided to staff in the retail stores. In addition to the two-day training that was provided to all district managers, store managers and assistant managers, training on the new system was provided in each store to all staff on duty on the day of implementation. District managers and store managers were personally responsible for providing their staff with additional training on changes in policy as well as system operations. Given the number of procedural issues that surfaced during implementation, it appears that district managers and store managers in some locations failed to provide effective training.



Quality Assurance Final Review - *What occurred...*

◆ Project Status (continued)

Issues that are still open were identified:

- During normal operations in the retail stores,
- During normal operations in headquarters, or
- During system testing.

Any of the open issues that might result in a loss of state resources or accountability have been given the highest priority to determine what immediate actions are needed to avoid any loss. Changes to software or hardware have been made when possible. Identified work-arounds that allow business to proceed without an interruption in service or any loss of state resources have also been implemented until additional system changes can be implemented.

The MBS project staff completed transition plans for each Division prior to implementation as suggested in ***Recommendation #18***. The MBS system and related activities are being finalized and prepared to transition into general operations and support. While transition plans were prepared within each Division, situations have occurred that were not addressed. This requires project staff to work closely with operations staff to assure that business processes are receiving the support needed. Full transition to general operations is not likely to be completed until the end of the summer.

A final version of the new software will have to be deployed to all stores to address the open issues. The project team members are working with Triversity to resolve the open issues related to their POS product. Changes needed in the interfaces to resolve open issues are being made jointly by project staff and SolutionsIQ staff. Changes needed in existing procedures are being documented and will be redistributed to the retail stores.



Quality Assurance Final Review - *What occurred...*

◆ Environment

The MBS project staff have exhibited dedication and personal commitment to successfully deploying the new POS system before the end of June. Staff from the MacLaren Group, which was responsible for installation and training, were extremely responsive to last minute adjustments in the schedule, changes to system configuration, and unexpected conditions discovered in individual stores. Working closely together, these individuals were in constant contact as the implementation of more than 150 stores progressed. Daily conference calls were conducted to identify and resolve problems.

As individual tasks appeared to be falling behind, the Steering Committee identified additional resources to help accomplish the unfinished work. LCB staff responded positively to being reassigned and went out of their way to learn about what needed to be done and how it needed to be done. The project team welcomed new members enthusiastically and heartily thanked members who made significant contributions.

The project staff were also in constant communication with individual stores responding to questions before implementation, communicating any adjustments or changes that could be expected, and confirming that the stores were prepared for implementation before staff from the MacLaren Group arrived.

The MBS project added a Change Agent to plan for the business changes that were anticipated and to prepare staff in the retail stores for the changes. This function was added to ease the heavy workload of the Retail Services project lead. Effective communication with the staff prior to implementation was essential to transitioning successfully to the new POS system.



Quality Assurance Final Review - *What occurred...*

◆ Expectations

As noted on many occasions, the Project Sponsor expected the project to be completed on time and within budget. As time for planned implementation grew closer, the Steering Committee tracked the results of system testing and discussed the risks associated with deploying the new POS system statewide with known deficiencies. Implementation of the system would be possible using work-arounds to compensate for the defects or manually performing certain system processes and verifying business data. The Steering Committee made the decision not to postpone the implementation of the system while known system defects could be resolved. The impact of this decision to proceed was felt most acutely by the project staff in headquarters supporting implementation. These staff worked doing whatever was necessary to resolve issues 24 hours a day, 7 days a week, for 4 straight weeks.

As a result of the direction of the Steering Committee and the resolve of the project staff, the new POS system planned as part of the MBS project was:

- Implemented in all state liquor stores by June 30, 2005.
- Implemented within the budget authorized to the agency.



Quality Assurance Final Review - *What occurred...*

◆ Approach

Once GERS, the original vendor, was terminated in December 2003, the agency began planning how to proceed with the project while taking advantage of the hardware and software already purchased. The new approach reduced the scope and focused on the highest priority business need for Retail Services – replacing the point-of-sale (POS) system in state liquor stores. The agency reorganized the MBS work into three separate Phases which proceeded simultaneously.

- ***Phase 1 - Stabilize the existing POS system by converting PC Sales to function on new equipment.*** The conversion of the PC Sales system and the installation of the new equipment was completed as planned before the holiday season in October 2004. Thousands of pieces of the old equipment were inventoried and sent to surplus.
- ***Phase 2 - Replace the POS software with the new POS software from Triversity.*** The PC Sales system has been replaced by the POS software purchased from Triversity. Transactionware GM was installed in the last state liquor stores on June 30, 2005. New interfaces were developed to transmit sales and inventory data from the retail stores to the existing AS 400 system. Some application development was also necessary on the AS 400 system. The system continues to run using dial-up modems to receive and transmit business data. Business data is transmitted daily detailing each transaction made within the store. The number of phone lines available to support this process was increased to accommodate the longer transmission times needed for each store.
- ***Phase 3 - Plan and prepare for next steps to resolve remaining business problems.*** Given the experiences already encountered in the MBS project, the agency did not believe it would be prudent to declare how it would solve the remaining business problems without stronger business planning and analysis expertise to lead the effort. In order to support state and agency business strategies, the agency submitted a request within their 2005 – 2007 biennial budget to establish a business planning and analysis function. The new business function would then be responsible to determine what the next steps should be to address identified business problems that have been unresolved since the mid 1990's. The request for funding was not included in the biennial budget that was submitted by OFM to the legislature.



Quality Assurance Final Review - *What occurred...*

◆ **Schedule**

The project schedule was constrained by the need to expend funds by the end of the biennium and the loss of funding associated with the budget proviso on June 30, 2005. The agency revised its approach to the project in December 2003 and advised decision makers in OFM, DIS, and the legislature that the project would be completed by the end of the biennium. The Steering Committee maintained pressure on the project manager and staff to complete project activities and implement the system before the June 30, 2005, deadline.

In order to stay on schedule, some project activities were time-bound and were not allowed to extend beyond the allotted time period. The Steering Committee was involved in assessing the risks associated with this approach on a weekly basis. Project progress and challenges were routinely reviewed and decisions made by the Steering Committee to proceed on to the next step or continue working until every identified issue was resolved before progressing forward. The lack of adequate staff resources to complete identified tasks was the most frequent reason for delays within the schedule.



Quality Assurance Final Review - *What occurred...*

◆ Resources

The MBS project was given less funding than requested in the biennial budget when it started in the later part of 2001. The scope of the project was not reduced to match the reduced level of resources provided. Assumptions about what could be accomplished, what resources would be needed, and what approach would be used changed over the course of the MBS project. The LCB has utilized all of the technical resources available to support the MBS project in one way or another. The technical staff working on the project were also responsible to support daily operations running on the existing systems. Support to daily operations was given priority and delays in completing scheduled tasks occurred repeatedly. Staff and contractors worked overtime for months to meet the deadline set for implementation.

No additional funding was requested to complete the project. As noted earlier, the scope and approach of the project changed after the initial vendor was terminated in December 2003.



Quality Assurance Final Review - *What occurred...*

◆ Communications

The communications plan was developed, updated and discussed by the Steering Committee periodically to determine whether changes were warranted. Communication about project activities and preparation occurred with the Retail Services staff regularly. As preparations for implementation accelerated, the Change Agent initiated many different types of contact with store clerks and managers. Communication within the project occurred frequently in recurring meetings focused on specific project elements.

A deployment kit was prepared for each store that included step-by-step instructions on how and when to prepare for implementation of the new system. A complete set of business policies and procedures was also prepared for each store. An overview of the new system was developed as a self guided tutorial on a CD. Each employee was given time to complete the tutorial prior to the new system being implemented in their store. Managers received training on how to use the deployment kit at the same time as they reviewed the changes in policies and procedures associated with the new system.

Although district managers and store managers received the same communications, written materials, training and instructions, the results of these efforts were not consistent. Some stores were fully prepared for implementation of the new system and changes in policy and procedure. Managers understood the need to read and follow the instructions provided for new processes. Some stores were not prepared for implementation and required extraordinary support to conduct business when staff did not follow the instructions provided for new processes.



Quality Assurance Final Review - *What occurred...*

◆ Leadership

With less than 90 days before implementation of the new system, the Project Director and Business Sponsor accepted appointments as directors of other agencies and left the LCB. The Project Sponsor and other Steering Committee members absorbed the duties of these key individuals for the duration of the project. The Finance Director took the responsibility to manage the Information Technology Services Division. These changes in leadership presented additional risk to the project at a critical time.

The personal commitment exhibited by the Project Sponsor and Finance Director to be accessible to the project team and help resolve issues as they arose was invaluable. Each of the Steering Committee members maintained close contact with their project team lead to monitor progress during implementation. Issues that impacted more than one Division were discussed at Steering Committee meetings and decisions documented.

As testing progressed into implementation, the Retail Team Lead exhibited extraordinary abilities to communicate with managers about needed preparations before deployment, organize scarce resources for system testing, analyze outstanding system issues, identify barriers that would prohibit the delivery of services, and craft solutions to outstanding business issues. The outstanding performance of this individual as a leader during implementation was repeatedly noted as key to the success of the project.

Credibility for the agency should be very solid with the completion of the POS implementation *on time* and *within budget*. Sharing the results of the project's efforts with staff and stakeholders should be done in a deliberate, thorough manner. Given the timing of the implementation of Civil Service Reform and the new collective bargaining agreement, the results of the project may not get the exposure it deserves.



Quality Assurance Final Review - *What occurred...*

◆ **Commitment**

Project participants displayed a sense of urgency that reflected their personal level of commitment to completing the project by the end of June. Individual staff members and contractors did whatever needed to be done to make the deadline.

Steering Committee members were easily accessible and responsive to requests for assistance on any topic. Decisions were made in a timely manner in order to prevent delays from occurring.



Quality Assurance Final Review - *What occurred...*

◆ **Risks / Barriers to Success**

Risks associated with the project were discussed in every Steering Committee meeting that was held during the final months of the project. The Steering Committee members considered the issues and evaluated the need for mitigation and the types of mitigation that could be accomplished. Any issue that posed a threat to missing the June 30, 2005, deadline was analyzed as quickly as possible to determine what alternatives existed and whether the alternative could be seriously considered.

Pressure to complete the project on time was constant and everyone associated with the project was aware of the looming deadline. As noted earlier, the Steering Committee made decisions to proceed with implementation when known deficiencies could not be resolved within the system. Each of the functional deficiencies was addressed by a work-around or manual process. This approach to keeping the project on schedule presented a level of risk that the Steering Committee members and ultimately the Project Sponsor were willing to accept.

Communicating with the Help Desk became increasingly frustrating for field staff and project staff as implementation progressed. Call volume was heavier than expected. Staff on the Help Desk were not prepared to triage the situation, describe the problem in their tracking system and then track the problem through referral and resolution. Information captured within the tracking system was not being summarized and reported to the project team as planned. Some of this situation was created by limitations within the tracking system itself. Some of the situation was also created by Help Desk staff who were not following the instructions provided for triage with the new system. Changes were necessary in the reporting process as implementation progressed. Calls to the Help Desk were answered by staff in Retail Services who were able to triage the problem, provide procedural guidance over the phone, and record problems that needed additional analysis or different expertise to be resolved.



Quality Assurance Final Review - *What occurred...*

◆ Controls

The MBS project instituted adequate controls to monitor the progress being made on the project, its expenditures, associated risks, and issue resolution. The problem tracking process planned to support implementation didn't work. As noted previously, this was the result of system limitations as well as performance challenges. The project tried to make adjustments to the process to improve the results but saw only minimal change occur. The problem tracking process was then substantially redefined, along with a change in responsibilities, and adequate methods of responding to problems were quickly adopted.

◆ Credibility and Integrity

While the agency has issues that need to be addressed in order to wrap up the project activities and release the staff from further project assignments, the project staff are making every effort to work through the issues as quickly as possible and provide feedback to the stores or individuals who encountered a problem. Satisfaction with the new system is high from most stores. The majority of stores did not experience system performance problems or procedural problems that interfered with the delivery of services. Store managers in these locations are delighted to report being able to balance and close the store at the end of the day in much less time than previously needed. Stores who experienced system performance problems are less satisfied with the new system. Stores who continue to experience issues that are procedural in nature are the least satisfied with the new system.

The agency expected that implementing system changes of this magnitude would take enormous effort to meet everyone's expectations. The new system supports the business needs of the agency. With the resolution of known functional and cosmetic deficiencies in the next version, the new system will operate without work-arounds or the need for manual processes. The credibility and integrity of the project staff should increase when the new version is installed.



Quality Assurance Final Review – *Contributing to project success...*

- ◆ **Staff and stakeholders interviewed reported similar factors that directly contributed to the successful implementation of the POS system by June 30, 2005. These factors included:**
 - Executive commitment and consistent attention to project issues and identified risks.
 - A formal project management structure with defined roles and responsibilities.
 - An integrated schedule that detailed the tasks to be completed, the resource responsible for completion of the tasks, and understandable reports about the impact of delays or changes in deliverables.
 - Involvement of all programs in project planning and implementation.
 - Leadership within Retail Services that provided a consistent business perspective on open issues.
 - Clear communication and emphasis from the Project Sponsor about the expected results.
 - Acknowledgment that the system deployed would ***not be perfect*** but had to be ***functional***.
 - Better planning than has ever been done within an agency project previously.
 - Deliberate communication to the field staff about what would change, when it would change, and how to prepare for the upcoming changes.
 - Excellent partner selected to support training and installation with the MacLaren Group.
 - Personal interest in seeing the project succeed by DIS Liaison and Quality Assurance consultant.
 - Constant participation and suggestions received from the external Quality Assurance perspective.
 - Reassignment of agency staff to assist with critical project activities.
 - Documented policies and procedures detailing how to accomplish a process or task.



Quality Assurance Final Review – *Challenges to project success...*

- ◆ **Staff and stakeholders interviewed also reported similar factors that presented challenges to successfully implementing the POS system by June 30, 2005. These challenges included:**
 - Artificial project deadline set by the budget process.
 - Inadequate technical staff to support daily operations and participate in project activities as needed.
 - Lack of testing environment that mirrored the retail stores.
 - Lack of experience with system testing by the subject matter experts.
 - Inability to conduct stress testing with the available resources.
 - Lack of experience preparing project planning documents.
 - Lack of experience following planning documents to accomplish project activities.
 - Inability of staff in liquor stores to follow instructions provided for system implementation.
 - Inability of managers in the field to assure that staff were adequately trained and following the guidelines and instructions provided to operate the new POS system accurately.
 - Inability of the Help Desk to handle the calls received during implementation and summarize the problems reported by the liquor stores.
 - Lack of standards and setup on current equipment from one store to another.



Quality Assurance Final Review – *Recommendations...*

- ◆ **All recommendations offered to the agency were implemented during the project.**

